



# **The Commonwealth of Massachusetts**

## **DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

### BAY STATE GAS COMPANY D.T.E. 05-27

#### NINETEENTH SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO THE COMPANY

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Bay State Gas Company ("Bay State" or "Company") the following set of Information Requests for response within SIX CALENDAR days of issuance:

- DTE 19-1      Refer to Company's response to DTE 6-15. As requested in the original information request, provide evidence supporting and documenting the analyses and discussion that led the Company to the decision to switch insurance providers.
- DTE 19-2      Refer to Company's response to DTE 6-15. Explain how each of the considerations listed by the Company influence the Company's decision to switch insurance providers.
- DTE 19-3      Refer to Company's response to DTE 6-17 and Exh. BSG/JES-1, at 19-20.
- (A)      The Company's response to DTE 6-17 states "The Company does not anticipate any known, significant or measurable changes for 2005 as regards Property and Casualty Insurance as such might relate to pricing, terms or conditions."
- (B)      On page 19 of Exh. BSG/JES-1, Mr. Skirtich states: "An adjustment to test year property and liability insurance expense levels is necessary to reflect known and measurable changes to be experienced in 2005." Mr. Skirtich continues, on pages 19 and 20, to state: "Th adjustment reflects an increase of \$94,997.... Annual premiums will be received and paid in June 2005 for the fiscal year July 2005 through July 2006."

Please reconcile these assertions.

- DTE 19-4 Refer to Company's response to DTE 6-18. Respond to and provide the Department with a copy of AG 3-9.
- DTE 19-5 Refer to Company's response to DTE 6-20. Provide a copy of the Corporate Reimbursement Policy.
- DTE 19-6 Refer to Company's response to DTE 6-20. Provide a table with the premiums paid for the 2001/2002, 2002/2003, 2003/2004, and 2004/2005 policy years.
- DTE 19-7 Refer to Company's response to DTE 13-12 Please provide attachment DTE 13-12 and associated workpapers in Microsoft Excel format, with formulas and links in cells.
- DTE 19-8 Refer to Company's response to DTE 13-21. Please explain any shortcomings of using the geometric mean in the manner discussed. Explain how one uses the geometric mean when negative data are present.
- DTE 19-9 Refer to Company's response to DTE 13-25. As the original question requests, provide evidence documenting the analyses and discussion related to the approval noted in the Company's response.
- DTE 19-10 Refer to Company's response to DTE 13-25. Are the Pennsylvania and Connecticut decisions listed in the information request and the Company's response to the information request the only such decisions known of by the Company? If not, please list other decisions, orders, etc. ruling similarly. Provide the supporting documentation.
- DTE 19-11 Refer to Company's response to DTE 13-26. Please provide a copy of Attachment DTE 13-26 in Microsoft Excel format with formulas and links contained in cells.
- DTE 19-12 Refer to Exh. BSG/JAF-2, Sch. JAF 2-1. Please provide working spreadsheet models of this exhibit. All formulas and computations must be in tact. If the model for this schedule is linked to other spreadsheet models, provide all working linked spreadsheets.
- DTE 19-13 Refer to Exh. BSG/JAF-2, Sch. JAF 2-1, at 5-6, lines 161-164. Please provide the cite to the COS Schedules where these values can be found.
- DTE 19-14 Refer to Exh. BSG/JAF-2, Sch. JAF 2-1, at 11-12, lines 293-294. Please provide the source for the inputs on these lines.

- DTE 19-15 Refer to Exh. BSG/JAF-2, Sch. JAF 2-1, at 13-14, line 356. Please provide the cite to the COS Schedules where these values can be found.
- DTE 19-16 Refer to Exhibit BSG/JES-1, Schedule JES-5. Although a reference is given for line 1, please confirm the source of the per-books cost of gas appearing in column 1, \$323,863,512, and explain any discrepancy between this figure and the per-books cost of gas appearing in Schedule JAF-1-1.
- DTE 19-17 Refer to Exhibit BSG/JAF-1, at 7. Please confirm that the billing-month use was weather normalized, as implied in Step 2, and then was weather normalized again after conversion to a calendar-month basis, as implied in Step 4.
- DTE 19-18 Refer to Exhibit BSG/JAF-1, at 7. Please clarify if by “rate class” in Step 3, the Company is actually referring to the six “groups” identified in step 2.
- DTE 19-19 Refer to Exhibit BSG/JAF-1, at 13, where it is stated that Step 2 “is to convert the billing month gas volumes to a calendar month basis,” and also refer to page 15 of the same exhibit, where it is stated that Step 3 “is the conversion of billing month usage volumes to calendar month usage volumes. Please provide a new, detailed list of the steps actually taken, in the order actually taken, to determine test-year billing determinants.
- DTE 19-20 Refer to exhibit BSG/JAF-1, at 35. Please indicate whether the pipeline refunds that were excluded from gas costs in column 2 of Schedule JAF-1-1, sheet 2, were included in column 2 Schedule JAF-1-1, sheet 1.
- DTE 19-21 Refer to Exhibit BSG/JLH-1, at 4. Please explain what is meant by the phrase “development of indirect gas costs,” and elaborate on how the development of these costs, as distinguished from direct gas costs, causes gas-cost allocation to impact the design of base rates.
- DTE 19-22 Refer to Exhibit BSG/JLH-1, at 5. Please (i) explain how the Company’s proposed revenue deficiency would change if indirect gas costs were not subtracted from the test year allowed revenue requirements and from test-year annualized revenue (see, also, Exh. BSG/JES-1, Schedule JES-4) and (ii) comment on the usefulness of such an exercise in evaluating the Company’s need for rate relief.
- DTE 19-23 Refer to Exhibit BSG/JLH-1, at 4. Please clarify what is meant by the term “manufactured production.”

- DTE 19-24 Refer to Schedule JLH-1-6, at 6. Please define the term “stranded production and storage.”
- DTE 19-25 Refer to Exhibit BSG/JLH-1, at 6, lines 10-12. Please explain the rationale, under the Market-Based Allocation method, for accumulating base-load (i.e., high-load-factor) supply costs of commodity, capacity, and associated transportation and assigning them to the winter period, rather than assigning them to the entire year?
- DTE 19-26 Refer to Exhibit BSG/JLH-1, at 5, lines 19-21, and at 8, lines 19-20.
- (A) Whereas under the MBA, the Company would assign the least-cost capacity and commodity costs to base-load use, and under the SMBA, the Company would assign average capacity and commodity costs to base-load use, is it fair to deduce that the SMBA method results in higher costs being assigned to base use than does the MBA method?
- (B) If so, please quantify the Allocated Gas Costs, as they appear in Schedule JLH-1-13, page 1, if the base-load use had been assigned least, rather than average, pipeline capacity and commodity costs. Include all calculations and workpapers in support of the results.